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3. There are attached hereto three appendices which set forth in considerable detail various aspects of the two plans which are set forth below. Appendix A outlines the benefits which would be applicable for employees who engage in hazardous service. Included in those benefits are additional retirement benefits. Due to the complexity of that particular subject, Appendix B sets forth the necessary changes to be accomplished in the Civil Service Retirement Act and the purposes to be accomplished by the changes. Appendix C sets forth the standards by which the Hazardous Duty Board (later described) would be guided in determining the eligibility of an employee for hazardous and extra-hazardous duty benefits.

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Accounting Office to determine the views of those agencies as to the applicability of Section 1 (d) of the Civil Service Retirement Act to employees of CIA. (That particular section provides earlier retirement and other benefits for investigatory personnel such as personnel of FBI, Secret Service, etc.) As far as can be determined, no officials in CIA had been previously advised that this particular section was intended to cover CIA employees. Further, the Legal Staff has advised informally that they are of the opinion that CIA employees are not so covered. In the event the views of GAO and CSC are negative, there would be no effect on the proposed legislation concerning retirement recommended by this Committee. In the event it is determined that CIA employees are covered, it is the recommendation of this Committee that the proposed legislative changes specifically except CIA employees from Section 1 (d) of the Retirement Act. This recommendation is based on the fact that administration of Section 1 (d) as it would apply to CIA employees is administratively unwieldy and in any event would contravene established security principles of CIA. *

5. Plan I has been designed to facilitate a career concept for those employees of CIA who normally are required to accept overseas service during their career. The very nature of the work performed by CIA employees, and particularly while abroad, subjects them to certain hazards which are unlike those undergone by employees of any other government agencies. In addition, the restrictive nature of the security requirements established by CIA creates conditions which are not found in any other government agencies. Consequently, this Committee is recommending those specific benefits stated below as a part of Plan I with a view to encouraging and developing a true career service in intelligence. The emphasis of the benefits to be made applicable is primarily to offer some compensation to employees or their dependents in the event those risks to which they are exposed result in misfortune or disaster to the individual, such as imprisonment, injury, or death.

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- * Committee members Pforzheimer and [REDACTED] dissent on the ground that if it is conclusively determined that CIA personnel is covered by Section 1 (d) of the Retirement Act, CIA shall avail itself of this provision and not seek an exemption.

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(a) In order to establish permanently some of the benefits recommended, appropriate legislation will be required. By comparison of justifications and reports on somewhat similar legislation, it is felt that CIA's request for the recommended legislation will be considered reasonable. The particular benefits which will require legislation will be so earmarked. With one exception (dependent benefits), virtually similar legislation has been enacted in other instances.

(b) In addition to examining the purposes to be served by a program of this type, the Committee has considered the possible difficulties which will be encountered in its administration. It is felt that, while there are a number of specific details which will require study and development, the program in itself is susceptible to administration with a relative degree of simplicity and integration with other established procedures. At this time no estimates of the cost of the program have been prepared. It is believed that prior to submission of the legislative changes estimates should be prepared, although it is recognized that there is not a great body of experience on which such estimates can be made.

(c) It is intended that the benefits governed by this plan would be available only to appointive employees of CIA who are US citizens. It is proposed that hazardous duties be classed into two categories. Hazardous and Extra-hazardous. Hazardous Service would include all service abroad of any nature whatsoever (including TDY). It is felt that there are hazards to any CIA assignment abroad in the sense that personnel abroad may become potential targets for identification and violence by other nations' intelligence services. Extra-hazardous Service would be determined by a Hazardous Duty Board in accordance with standards to be established by the Director of Central Intelligence. The requirement for Extra-hazardous Service would be actual exposure to risk of bodily harm or death. Eligibility for Hazardous Duty Benefits would be determined by a Hazardous Duty Board, the membership of which would include the following:

Personnel Director, Chairman
Representative of the Office or Staff concerned
Chief, Special Support Staff
Representative of the Legal Staff, Legal Advisor without vote.

SECRET

Report of Committee

- 4 -

CONFIDENTIAL

(d) The following benefits are recommended for service falling in the Hazardous category:

(1) A death gratuity amounting to six-months' salary. The amount would be base pay only excluding any overseas allowances, differentials, overtime or extra-hazardous pay.

(2) Benefits of the Missing Persons Act for all employees engaged in hazardous service. Anticipating that employees may be "detained" for long periods of time, additional benefits would be granted to attempt to compensate the individual in that during such detainment he would be denied opportunity of grade promotions.

(3) Application of the standards and benefits of the United States Employees' Compensation Act to the members of the family of the employee who is eligible under the Hazardous Service category.

(4) Additional credit for retirement so that for each year of hazardous duty the individual would receive 1 1/2 years' credit for such duty. Further, for each year of hazardous duty the voluntary retirement age would be reduced by six months. The effect of this benefit would be to enable an employee who had engaged continuously in hazardous service to retire at age 50 with only 20 years of actual service. This system would, in effect, make available to such an individual exactly the same benefits now available to all foreign service officers and to investigative personnel under Section 1 (d) of the Retirement Act. The proposed benefits would be available on a proportionate basis for those individuals who do not serve continuously in hazardous service.

(e) The following benefits are recommended for service falling in the Extra-hazardous category:

(1) All benefits set forth above for hazardous service.

CONFIDENTIAL

(2) Additional pay at the rate of 50 percent of base salary, not to exceed, however, \$200 per four-week pay period.

Benefits for Extra-hazardous Service in the United States would be limited to extra-hazardous pay and the six-months' death gratuity.

6. The present world conditions have demanded that the covert offices of CIA make certain preparations to meet a possible national emergency or war. In addition to those activities, the normal work of the covert offices, in the opinion of the Committee, requires action at this time to facilitate the accomplishment of their mission. Consequently, the Committee has examined the basic over-all plan and determined that certain portions of that plan can be implemented entirely within the framework of the existing authorities available to CIA. There are existing problems which would be answered by this plan and at the present time only temporary expedients can be resorted to which, in most instances, require the personal approval of the DCI.

(a) As stated above, no legislation is required for this plan which will be referred to as Plan II. It is pointed out, however, that the benefits are applicable only in those cases where the individuals are employed on Confidential Funds. Almost without exception the cases that need to be covered arise in the covert offices and consequently Plan II in this respect appears to meet the immediate requirements.

(b) As was done in connection with Plan I, this Committee has examined the administrative implementation of Plan II and feels that there are no insurmountable obstacles. Further, Plan II, if approved, would eventually, upon complete approval of Plan I, including the enactment of necessary legislation, merge and result in one over-all plan with a minimum of difficulty.

(c) The specific benefits are:

(1) Death gratuity amounting to six-months' salary.

(2) Benefits of Missing Persons Act including regular increases in salary for those individuals "detained" for long periods.

CONFIDENTIAL

Report of Committee

- 6 -

(3) Applications of the standards and benefits of the United States Employees' Compensation Act to members of the family of the employee under the Hazardous Service category.

(4) In the category of Extra-hazardous Service, additional pay at the rate of 50 percent of base salary, not to exceed, however, \$200 per four-week pay period.

(d) If Plan II is approved, the necessary administrative regulations, changes in regulations, and other papers will be drafted for signatures of appropriate officials in CIA.

7 The individual members of this Committee have drawn upon their own knowledge and experience to formulate this report. In addition, cooperation has been received from other individuals whose capabilities and experience were such that the Committee felt they would be of assistance in expressing the needs and stipulating the measures necessary to meet those needs. This report, while not signed by the individual members, is a unanimous expression of their views, with the exception noted on page 2. In addition, the details of Plans I and II have been discussed with Assistant Directors for OO OSO, OPC, and Chief, I&SS. With the exception of the Assistant Director, OPC, whose views are attached, they have concurred in the plans recommended and contained in this report.

APPENDIX A

GENERAL PROPOSAL
CONCERNING HAZARDOUS DUTY BENEFITS
TO INDUCE VOLUNTEERS FOR HAZARDOUS SERVICE

1. The proposals outlined below are based on a classification of hazardous duties into two categories. The categories would be Hazardous Service and Extra-hazardous Service:

(Benefits would apply only to appointive employees who are US citizens.)

a. Hazardous Service would be defined to include all service abroad of any nature whatsoever (including TDY). Where an employee is assigned to an overseas station on permanent duty and is on temporary duty in the United States, either official consultation or home leave would not be construed to break the service for this purpose. Other types of service would be classified as hazardous in accordance with standards to be established by the DCI, and in this connection each individual case, together with the length of service to be approved as hazardous, would be determined by the Hazardous Duty Board.

b. Extra-hazardous Service would be determined by the Hazardous Duty Board in accordance with standards to be established by the DCI. It is intended that the standards be set very high in order that only truly worthy cases would be considered eligible. The principal element to be considered as a requirement for eligibility under Extra-hazardous Service would be actual exposure to risk of bodily harm or death.

2. The membership of the Hazardous Duty Board would include the following:

Personnel Director, Chairman
Representative of the Office or Staff concerned
Chief, SSS
Representative of the Legal Staff, Legal Advisor without vote.

The Personnel Director would be responsible as the recorder of the Board. Procedures would be established by which the recorder would

Appendix A

- 2 -

prepare appropriate certifications in order to establish an individual's right to additional benefits. It is recommended that the Board, in appropriate cases, be authorized to approve individual cases retroactively. It is further intended that if it is determined by the Board that an individual met the standards established by the DCI he would be entitled to the benefits flowing therefrom as a matter of right. Consequently, a recommendation by his superior that he be so considered would not be an essential requirement. The determinations required under 3. c. would be made by the Board.

a. In order that the Board could fulfill its responsibility in determining whether individuals met the standards established by the DCI, all cases of death, injury or illness while abroad would be brought to the attention of the Board by the appropriate personnel office. In addition, supervisors of individuals who may be eligible for benefits under this program would be directed to bring such cases to the attention of the Board.

3. The benefits to be available to individuals in the category of Hazardous Service would be:

a. In the cases of individuals qualifying there would be granted a death gratuity amounting to six months' salary. The amount to be considered would be base pay only, excluding any overseas allowances, differentials, overtime or extra-hazardous pay. Such amount would be payable to the beneficiary designated by the employee in writing, or, in lieu of such designation, to the estate. The legislation establishing such benefits should clearly indicate that such amount is payable over and above, and shall not be considered an offset or an election in connection with, benefits payable under the United States Employees' Compensation Act. Precedent for such benefits exists in connection with the Armed Forces and members of the Public Health Service.

b. Under paragraph 5.3 of the Confidential Funds Regulations, persons paid from such funds are entitled to the benefits of the Missing Persons Act. It is proposed that all persons eligible under the Hazardous Service category

Appendix A

- 3 -

would receive such benefits. Anticipating that there may be cases where individuals are "detained" for long periods of time, certain additional benefits would be granted to attempt to compensate for the fact that the individual, during such detainment would be denied the opportunity of attaining grade promotions. Consequently he would be entitled to receive increases in his pay (and allowances) at appropriate periods. The increase would be equal to the amount he would receive at the next higher grade to which he could be promoted. At such time the allowances to which he would be entitled would be recomputed on the basis of the increased salary. The waiting period for increases would be one year between each increase until the salary was equal to that which would be received by an employee at the grade level of a GS-9. Thereafter, the time period between each increase would be two years. The maximum salary level would be the salary which would be received by an employee at the grade level of a GS-15. While step-increases would be a negligible factor under this scheme, they would be granted in a manner similar to existing procedures.

(1) It is not intended that the same allowances, payable to the employee at the time he becomes detained, missing, etc., be paid to his designated beneficiary. Rather, it is intended that only appropriate allowances be paid. For example, in the case of a single man having no dependents where he would be receiving his quarters and allowances, there would exist no justification for continuation of the quarters allowance if he were missing or detained, since he would not be paying for such quarters. Also, in the case of an individual whose wife had been at the station with him and had been returned to the United States after the capture of the employee, a separation allowance would be more appropriate than continuation of the old quarters allowance. Post differential and other allowances would be paid in a similar manner.

c. It is also proposed that appropriate regulations be established or legislation be drafted to authorize the application of the standards and benefits of the United States

Appendix A

- 4 -

Employees' Compensation Act to the members of the family of the employee who is eligible under the Hazardous Service category. The members of the family would be as defined in the Standardized Government Travel Regulations. Since the standard for granting benefits to the employee is whether the employee was injured in the performance of his duty, a new standard would be established for the members of the family. The standard would be that the injury, illness or death must be determined as having a causal relationship to the employee's duties. Generally, this benefit would be for application in overseas areas.

(1) Certain presumptions should run in favor of the beneficiaries of this legislation. If there is a reasonable basis on which there could be raised a presumption that the employee was a target because of his duties, the causal relationship between the wife's injury and the employee's duties is thus established.

d Additional credit for retirement in accordance with attached paper entitled "Recommended Plan for Legislative Changes in the Retirement Act for CIA Employees Who are Engaged in Hazardous Duties".

4. In the category of Extra-hazardous Service, the employee would be eligible for all of the benefits set forth for Hazardous Service. In addition he would be authorized additional pay at the rate of 50 percent of his base salary, not to exceed, however, \$200.00 per four-week pay period. However, benefits for extra-hazardous service in the United States would be limited to the extra-hazardous pay and the six-months death gratuity. It is intended that the Hazardous Service Board would circumscribe the period for which the individual would be eligible to secure this additional pay. The establishment of eligibility to run indefinitely would be avoided by appropriate procedures and review actions. Other elements to be considered in determining the period of eligibility for Extra-hazardous Service pay would be treatment afforded other employees of the Agency under the same or similar circumstances. Uniformity of benefits afforded employees is to be desired where the duties entail the same degree of risk.

Appendix A

- 5 -

5. It has been suggested that an additional benefit be granted those engaged in Extra-hazardous Service by providing for the payment, in the event of their death while engaged in such service, of an amount of \$10,000 to their designated beneficiaries. Without recitation of the technical details, such a scheme has been found infeasible due to the fact that under the United States Employees' Compensation Act the beneficiary would be required to elect which benefit should be received. Consequently, in the average case no purpose would be served by offering the payment of such a benefit. However, the election does not apply in the case of proceeds of life insurance policies. Therefore, it appears highly desirable to encourage very strongly all individuals who are about to engage in extra-hazardous duties to procure insurance from the War Agencies Employees Protective Association. This insurance is term insurance for which the employee must pay \$12.50 per month. The face value of the policy is \$10,000 for those employees receiving an annual salary in excess of \$3200. However, in event of death, the sum of \$11,000 is paid on the policy of face value \$10,000, and in the event of accidental death a total of \$21,000 is paid out. Appropriate security arrangements exist with the Association whereby the employees of CIA are covered by a number, and the names are not known to the Association except upon the death of the employee while insured. It is recognized that employees should be encouraged to take this insurance where they are going abroad in Hazardous Service. However, due to the risks entailed where the employee will be in Extra-hazardous Service, additional effort should be expended to encourage the employee to protect his family or dependents in the event of his death.

6. The above proposals have been submitted basically in outline form. The justifications for each item and the administrative handling should receive careful consideration. This part of the study is not intended to furnish the reasons or the justification for the recommended proposals.

APPENDIX B

**RECOMMENDED PLAN FOR LEGISLATIVE CHANGES
IN THE RETIREMENT ACT FOR CIA EMPLOYEES
WHO ARE ENGAGED IN HAZARDOUS DUTIES**

1. a. Under the present Civil Service retirement system an employee may retire at age 60, upon completion of 30 years' service.

b. Under the Foreign Service Act a participant who has 20 years of service to his credit and has reached the age of 50 years is entitled to retirement. It should be noted also that creditable service under the Foreign Service Act for service in the military apparently is limited to those cases where an individual is on leave of absence from the service.

c. Under the provisions of the Civil Service Retirement Act relating to FBI personnel and others whose duties are primarily the investigation, apprehension or detention of persons suspected or convicted of offenses against the criminal laws of the United States, such individuals may retire at age 50 where they have rendered at least 20 years of service.

It should be pointed out in connection with the latter category of people that the Civil Service Commission, upon recommendation of the head of the agency concerned, determines whether the employee is entitled to retirement under these special provisions.

2. The methods of computing the annuity in the above cases are set forth below:

a. (Civil Service System) The individual's average salary for his highest five consecutive years is used as a factor and multiplied by 1 1/2 percent and then multiplied by the total number of years of service. There is a limitation of the annuity in that it may not exceed 80 percent of the average salary for the highest five consecutive years of service. This disregards the alternative computation where the average salary is less than \$5,000.

b. (Foreign Service Provision) The annuity of a participant is calculated as 2 percent of his average basic salary not exceeding \$13,500 per annum for the five years next preceding the date

Appendix B

- 2 -

of his retirement, multiplied by the number of years of service not exceeding 30 years.

c. (FBI, etc. system) The individual, if determined to be eligible under the special provisions, is entitled to an annuity equal to 2 percent of his average basic salary for any five consecutive years of allowable service at the option of such officer and employee, multiplied by the years of service not exceeding 30 years.

3. The security objections to the method used for determining eligibility under c. in paragraph 1. above appear to be fairly obvious if such a procedure were to be applied to employees of CIA. In connection with members of the Foreign Service, the administrative difficulties become apparent on examination and, we believe, are recognized by the Department of State. It becomes increasingly difficult to determine whether a particular individual should or should not be in the preferentially treated class. Also, uniformity for individuals under similar circumstances seems eminently desirable.

4. The following plan is an initial suggestion for an amendment to the Civil Service Retirement Act applicable to CIA. The initial date from which extra credit could be computed would be stated as 20 October 1946. The date of 22 January 1946 initially recommends itself as the date from which extra credit should be computed since that is the date on which CIG came into existence. As a practical matter, the date of 20 October 1946 is recommended since on that date personnel abroad were hired en masse as members of CIG.

a. For each year an individual was engaged in hazardous duty he would receive credit for 1 1/2 years for the purpose of computing years of service under the Retirement Act. Also, each year in hazardous service would lower the voluntary retirement age, now stated to be 60, six months.

b. Days, months and years would be used in the initial computations. Five working days would be computed as one calendar week. However, in computing the annuity, the normal Civil Service rules would be applied.

c. Hazardous service would be defined to include all service abroad of any nature whatsoever. Other types of service would

Appendix B

- 3 -

be classified as hazardous in accordance with standards to be established by the DCI. Further, each individual case, together with the length of service to be approved as hazardous, would be determined by the Hazardous Duty Board.

5. From the above it will be seen that generally, under the normal Civil Service system, 30 years of service and age 60 are the requirements for retirement. However, an individual who served 20 years abroad would be eligible to retire at age 50 under the proposed amendment and would have credit for 30 years of service. Consequently, it is readily seen that such individual, in effect, receives the benefits of the more liberal retirement laws of the Foreign Service and FBI and other investigatory personnel. There is considerably less leeway in applying discretion, and in the average case there would simply be required mathematical computations.

6. It may be argued that the proposed plan is not as liberal as other plans. In some cases it may not be. In other cases the proposed plan would entitle the individual to a more liberal annuity than under the other two plans, i. e., Foreign Service and investigatory personnel. The increased benefits are directly related to the length of time in which the individual occupies a position to which are attached hazardous duties.

7. It is believed that the required amendment to the Civil Service Retirement Act will be comparatively simple and unrevealing. The benefits accruing to an individual while he was with CIA would be preserved in the event he transferred to another government agency. His creditable service would merely be certified on his Form 2806, which is forwarded to either the Civil Service Commission or the agency to which he is transferring. Upon reading the portion of the Congressional reports relating to investigatory personnel and the Foreign Service, it is believed the proposed legislation could be justified in a very adequate fashion.

8. It is intended that the above plan will be integrated completely within the existing Civil Service retirement plan. Consequently, all other provisions of the Civil Service Retirement Act would remain applicable.

APPENDIX C

TENTATIVE STANDARDS FOR THE APPLICATION OF HAZARDOUS AND EXTRA-HAZARDOUS DUTY BENEFITS

I. Hazardous Duty

(a) Overseas - PCS

* The Hazardous Duty Benefits for this category of service shall be retroactive to 20 October 1946. The records of employees terminated prior to the activation of the Hazardous Duty Benefit Plan shall be examined to establish (with the Civil Service Retirement Commission) the additional service credits earned. Eligibility for benefits shall commence as of the date of departure of the employee from the United States and shall terminate upon the date of arrival in the United States on PCS.

(b) Hazardous Duty - Overseas - TDY

Headquarters staff employees shall be eligible for Hazardous Duty Benefits effective the day of departure from the United States on TDY travel, terminating the date of return to the United States. At such time as additional credit for retirement may be authorized an appropriate form will be devised which will be prepared at the time the travel voucher is processed for the purpose of computing and transferring the additional credit to the individual's permanent retirement records.

(c) Hazardous Duty in the US

At the present time no general circumstances or types of duty in the United States appear to warrant the general benefits of Hazardous Duty overseas. In the event certain duties in the United States are ultimately deemed to be unusually hazardous, but not to a degree warranting Extra-Hazardous Duty compensation, such cases may be declared eligible for appropriate portions of the Hazardous Duty Benefit Plan by the Hazardous Duty Board.

Appendix C

- 2 -

II. Extra-Hazardous Duty

(a) Extra-hazardous Duty is defined as duty requiring an extraordinary degree of moral courage, or contains inherent dangers to a degree that the possibility of casualty is extremely great or the consequences of mishap are considerably more serious than those incurred in normal employment. Examples of duty falling in this category might include the following:



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III. Hazardous Duty Board

(a) The Hazardous Duty Board shall determine classification of types of duty, eligibility of individuals, period of eligibility, and other appropriate procedural aspects of the Hazardous Duty Plan. The Hazardous Duty Board would rule on each specific case where the payment of benefits would be requested under this part of the over-all benefits available to the employee

(NOTE: The Committee recommends that standards in Appendix C be worked out in greater detail upon approval of the over-all report by the Director.)

In compliance with the provisions of Section 803 of the Classification Act of 1949, the Civil Service Commission has studied the problem of additional compensation for hazardous employments and presents the following conclusions and recommendations:

Conclusions

Discussed in
Chapter

Conditions and Practices Regarding Hazardous Employments

1. Twenty-three Federal departments and agencies and the District of Columbia Government state that they have at least 330,000 hazardous positions located within the continental limits of the United States. Twenty-four other Federal departments and agencies report that none of their positions can be described as hazardous employments.

VII

2. Of the 330,000 Federal and District of Columbia Government positions considered to be hazardous by the agencies, about 75% are those of employees performing trades, crafts, and laborer work. About one-half of the remaining positions involve law-enforcement, firefighting, or work with or near explosives. Other hazardous positions cited involve, for the most part, flight work, hospital duties, research and testing activities, inspectional assignments, or forestry work.

VII

3. Occupational hazards in the Federal service appear in varying forms and degrees and under a multitude of circumstances. Among the principal variations of hazards are the following: (1) hazards may be inherent or environmental; (2) they may be present constantly, frequently, or occasionally; (3) they may result in loss of life, loss or impairment of limb, injuries, disease, or illness; (4) they are found in a great variety of positions and under a great variety of conditions; (5) some hazards may be controllable while others may not; and (6) hazards may exist in all positions within an occupation or only in some.

VII

4. Authority exists for the proper recognition of hazards by Federal agencies in the process of determining position-classifications or base pay rates for both Classification Act of 1949 and prevailing-rate positions. In some cases, hazards can be considered at the time the relative worth of positions is determined under job evaluation and classification plans. In other cases, they can be taken into account directly when base pay rates are determined.

VII

- 2 -

Discussed in
Chapter

5. In the case of positions under the Classification Act of 1949, as indicated by published class specifications, hazards (a) serve as specific allocation factors distinguishing between positions of different grades in some series; (b) serve as general allocation factors affecting non-supervisory positions in all grades in some series; and (c) serve to enhance the difficulty of specific duties, degrees of responsibilities, and qualification requirements of positions.

VII

6. Hazard-pay differentials for ungraded positions (mostly crafts, trades, and labor paid prevailing rates) are not common in the Federal service. All agencies have the general authority to determine whether a hazard-pay differential shall be given for a particular ungraded position. Four agencies have used this authority and typically only for duties that are irregularly or infrequently assigned or are not universally present in all positions in the occupations involved. Characteristically, differentials are not paid for hazards already considered in determining base pay rates.

VII

7. If the degree of hazard has been given due weight in the grade-classification or the base pay rate of a position, a hazard-pay differential would not be warranted even though a hazard-pay differential for the same type of employment is given by private industry.

VIII

Benefits Applicable to Employees in Hazardous Employments

8. The fact that hazards do exist in certain occupations and positions does not necessarily imply that a hazard-pay differential is warranted. Related factors and other types of compensation deserve consideration also.

II

9. Federal and District of Columbia Government employees have three types of protection against financial losses arising out of occupational injuries or disease. These are (1) leave with pay, (2) workmen's compensation awards and medical care, and (3) disability retirement and death benefits under retirement systems. In addition, leave with pay, disability retirement, and death benefits provide some protection in case of accident or illness that is not occupationally insured.

IV

10. The knowledge that he is protected against financial losses arising out of injury or disease should give an employee a sense of security akin to that given by a health and accident insurance and indemnity policy.

IV

11. To grant hazard-pay differentials generally would amount to giving employees the money with which to purchase insurance that the Government already provides.

II

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Discussed in
Chapter

(d) Safety programs

18. The elimination, reduction, or control of job hazards through an effective safety program is an important form of insurance for every employee affected by the program. III

19. All agencies engaged in work that is ordinarily considered hazardous have organized safety programs. In addition, there are three Government organizations engaged actively in safety programs on an inter-departmental basis. III

20. Federal safety programs have played an important part in reducing the frequency, severity, and costs of accidents in the Government service. In fact, as the number of Federal civilian employees under organized safety programs have increased, the frequency, severity, and costs of accidents have decreased. III

21. Although the Government's accident record is quite favorable when compared with the experience of many industrial establishments, there is considerable room for further improvement. III

22. If a Government-wide hazard-pay differential program were authorized, pay differentials based on risks as affected by safety programs would be granted more often where there is no effective safety program than where there is an aggressive and an effective safety program. This is an undesirable result. The threat of loss of pay might have the unfortunate effect of making workers reluctant to cooperate in a safety program. VIII

23. When the degree of hazard is reduced through a safety program, it may be expected that reduction or removal of a hazard-pay differential would be resisted by employees. Yet if the pay differential were not reduced or discontinued to correspond with a reduction in the degree of hazard, the pay differential would lose its identity as payment for the degree of hazard. VIII

(e) Health programs

24. The basic goal of employee health programs--to promote and maintain the physical and mental fitness of employees--has special significance to employees in hazardous employments. These programs have importance both in preventing accidents and in providing emergency treatment and diagnostic service to employees injured in accidents. III

Discussed in
Chapter

25. A large number of Federal civilian employees are without the services of any employee health programs at all. Most of the others have available emergency-room or first-aid care. There are relatively few places in which the emphasis is on a preventive-type program. About 80% of employees in the Washington Metropolitan area are provided with some form of health service, whereas only 25% of employees outside of the Washington area have such service. The problem of providing adequate health services to small groups of Federal employees is especially serious.

III

26. Statutory authority exists for the establishment of preventive-type employee health programs in Federal establishments but agencies may not develop health services that exceed in cost \$8.00 per employee per year, "unless special industrial conditions or other abnormal health or accident risks exist which warrant an additional allowance." In several cases, health programs exceeding the cost of \$8.00 per employee per year have been instituted to meet special health needs.

III

27. Encouraging strides are being made constantly in the direction of better health services for more Federal employees, but much remains to be done to provide health-promotion, disease-prevention, health-maintenance programs.

III

Hazard-Pay Practices in Private Industry

28. In private industry, there is considerable variation in hazard-pay practices from industry to industry and from company to company within an industry.

VI

29. In private industry, hazard-pay differentials are provided for in only a relatively small number of collective-bargaining agreements. Over one-half of the agreements containing hazard-pay differential clauses are concentrated in four industries: shipbuilding, water transportation, cement, and public utilities.

VI

30. Pay differentials provided in private industry collective-bargaining contracts cover employments that fall principally into seven categories: (1) high work; (2) work with or near explosives; (3) work involving exposure to fumes, dusts, and other irritants; (4) work in extreme temperatures; (5) underground and underwater work; (6) piloting and other flight work; and (7) work requiring exposure to high voltages.

VI

31. Where differentials are provided for in private industry, they generally are paid for irregular or occasional duties or for duties which do not occupy a substantial portion of the worker's time over an extended period.

VI

32. Characteristically, differentials paid by private industry represent payment for specific hazards not evaluated in the establishment of base pay rates.

VI

Purposes of Extra Pay for Hazard

33. Fair and adequate base pay rates serve as an inducement to recruitment when they serve their primary purposes, which are to pay for services rendered and to provide an appropriate standard of living. II

34. There are many factors in addition to pay which attract prospective employees and which tend to reduce the relative effect of extra pay as an inducement to recruitment. II

35. The opportunity of employment is the major inducement for recruitment in inherently dangerous occupations for persons who are willing to accept the risks. Inherently dangerous occupations do not attract employees who are unwilling to undergo the risks, and additional compensation would not influence such persons to accept such employment. II

36. An employee who has strong fears about the hazards of a position, and who has a choice of positions in an occupation where the hazards are not inherent in all positions of the occupation, would not remain long in a hazardous position even if he could be induced by extra pay to accept it initially. Additional compensation does not conquer fear. II

37. Since degrees of hazard are not proportional to recruitment difficulties in hazardous employments, maintenance of a direct relationship between hazard-pay differentials and degrees of hazard does not permit the recruitment purpose of hazard pay to be controlling. Hazard-pay differentials based on degree of hazard could serve as an inducement to recruitment only incidentally. VIII

38. As a practical matter, it is impossible to determine the amount of additional compensation needed to balance a reluctance to accept the hazards of a position. II

Operating Considerations

39. A Government-wide program of additional compensation for hazardous employments would be impracticable, and would not give accurate, equitable, or consistently uniform results. In addition, it would conflict with the normal programs for determining pay and for making the Federal service a safer place to work in. VIII

40. More problems would be created by a Government-wide hazard-pay differential program than would be solved by it. VIII

41. The administration of a hazard-pay differential program would have to be rather completely decentralized, would involve the maintenance of detailed records, and would require constant attention. VIII

Discussed in
Chapter

43. Degrees of hazard are very difficult to analyze and appraise. Any degree of hazard is a composite of the nature of the hazard, the degree of exposure to the hazard, the time-duration of exposure to the hazard, and the degree of control exercised over the hazard. The effect of the last three on the nature of the hazard determines the degree of hazard.

VIII

44. Degrees of hazard in individual positions change from time to time, depending upon administrative and supervisory practices, industrial health and safety programs, and technological advancements affecting the work.

VIII

45. Determinations of degrees of hazard in individual positions require a continuous program for applying the coordinated knowledge of personnel technicians, operating supervisors, public health physicians, industrial health engineers, and safety engineers. Accident statistics and insurance rates are not acceptable as proper indices of degrees of hazard.

VIII

46. In an attempt to secure as much uniformity or consistency as possible in a Government-wide hazard-pay differential program, administration and decisions would have to be supplemented by an inspection, audit, and correction program.

VIII

47. Under a Government-wide hazard-pay differential program, some procedure would have to be devised for considering the complaints of employees and agencies regarding any lack of consistency in the technical decisions affecting different positions or groups of positions.

VIII

48. The a priori requirement for the proper administration of a hazard-pay differential program is the availability of sufficient funds. The program would present a budgetary problem to agencies. In the event an agency could not absorb the cost, the differential would have to be withheld, a budgetary adjustment would have to be made on other items, or extra appropriations would have to be secured.

VIII

Recommendations

We recommend the following as the future policy and plan of the Federal government with respect to additional compensation for hazardous employments:

1. The long-range goal of the Federal government should be toward reducing and controlling occupational hazards. In place of any widespread use of funds for additional compensation for hazardous employments, consideration should be given to coordinating and making more effective the present programs for making working conditions in the Federal service more healthful and safe.

2. Due weight should be given to occupational hazards primarily in classifying or evaluating positions and in establishing base pay rates. Additional compensation above base pay rates for hazardous employments should be avoided as much as possible.

3. Additional compensation above base pay rates for hazardous employment should be considered for those employments for which private industry grants a hazard-pay differential and prevailing wage rates and practices are followed. Rates of additional compensation when granted should conform to the prevailing practices in private industry in the same labor-market area. If, however, the degree of hazard has been given due weight in the grade-classification of a Federal position or in the base pay rate for the position, no hazard-pay differential should be granted. This policy requires no change in current authority of departments and agencies to establish pay rates for ungraded positions in accordance with prevailing practices in private industry.

4. In regard to positions under the Classification Act of 1949, as amended, the effect of occupational hazards on duties, responsibilities, and qualification requirements should be given due consideration, in combination with other pertinent factors, in class specifications and in the allocations of positions to classes. This policy requires no change in current authority of the Civil Service Commission and of departments and agencies under the Classification Act of 1949, as amended.